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FOREIGN CROPS and MARKETS

UNITED STATES DEPARTMENT OF AGRICULTURE
OFFICE OF FOREIGN AGRICULTURAL RELATIONS
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SUGAR DIVISION
U S DEPT OF AGRICULTURE
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L A T E C A L L E S

Argentina third official estimate of the 1941-42 acreages sown to grain and flaxseed reported as follows, with 1940-41 comparisons in parentheses: Wheat 17,915,000 acres (17,507,000), rye 2,385,000 (3,327,000), barley 1,972,000 (2,146,000), oats 3,519,000 (3,941,000), flaxseed 6,539,000 acres (7,103,000).

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Second 1941-42 official cotton acreage estimate for all India placed at 19,235,000 acres against a revised second estimate for 1940-41 of 18,653,000 acres. In past 10 years second estimates have averaged 84 percent of final estimates.

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Arrivals new-clip wool just starting in Argentina. Local market extremely firm. Due to the fact that prices are out of line with American offers, and consequent inactive American buying, forward purchases by exporters of wool on the sheep's back are small. More than usual amount of burry wool retarding forward purchases. Some wool bought by ~~Sweden and~~ the Netherlands for possible export or for storage. United States purchases of lamb's wool have been relatively large. Total exports of wool, season ended September 30, grease basis, were 446 million pounds compared with 308 million pounds in 1939-40.

* * * * *

G R A I N SORIENTAL WHEAT CROP REVISED DOWNWARD
BUT IMPORT PROSPECTS UNFAVORABLE . . .

The 1941 Oriental wheat crop is now expected to total about 803 million bushels, according to the American consulate general at Shanghai, or about 7 million bushels less than was indicated earlier in the current season (see Foreign Crops and Markets, September 2, 1941). Most of the reduction occurred in Japan, where final returns for the greater part of the country were below previous estimates. Trade in wheat and flour continued to be restricted by Japanese controls and generally confused conditions resulting from recent political developments in the Far East.

WHEAT: Production in the Orient, average 1931-1935,
annual 1936-1941

| Year of harvest | China <u>a/</u> | Manchuria <u>b/</u> | Japan | Total |
|----------------------|-----------------|---------------------|------------------|---------------|
| | 1,000 bushels | 1,000 bushels | 1,000 bushels | 1,000 bushels |
| Average 1931-1935 | 780,000 | 38,440 | 40,372 | 858,812 |
| 1936 | 790,000 | 35,237 | 45,192 | 870,429 |
| 1937 | 640,000 | 41,373 | 50,410 | 731,783 |
| 1938 | 640,000 | 34,318 | 45,244 | 719,562 |
| 1939 | 667,000 | <u>a/</u> 31,232 | 61,086 | 759,318 |
| 1940 | 700,000 | <u>a/</u> 27,558 | 66,134 | 793,692 |
| 1941 <u>c/</u> | 720,000 | <u>a/</u> 29,800 | <u>d/</u> 53,000 | 802,800 |

Compiled from official sources except as noted.

a/ Estimates of the American consulate general, Shanghai. b/ Estimates of the South Manchurian Railway, except as noted. c/ Preliminary.

d/ Final official estimate for 39 Prefectures plus unofficial estimate for excluded areas.

China

No change has been reported in the estimated outturn of wheat in China this year, which was placed at 720 million bushels, or about 20 million bushels more than was harvested in 1940. Arrivals of new-crop wheat have, however, been small and have been utilized almost entirely by Japanese-operated mills for army supplies. Little foreign wheat has been purchased because of the lack of foreign-exchange allotments. A cargo of 75,000 bushels that reached Shanghai on August 31 is said to be still in the hands of the importers. Less than half a million bushels were brought in during August, but the total for the first 2 months of the new season, July-August, amounted to a little more than 1 million bushels and was almost three times as much as was imported during the corresponding period of 1940-41. Were it possible to obtain currency allotments, it is reported that purchases would probably be made by Chinese millers, since

they are forced to pay higher prices for domestic wheat than the Japanese millers pay and wheat stocks in Shanghai total less than 200,000 bushels.

No flour milled from domestic wheat was reported in the Shanghai market; that milled by the Japanese was either shipped to North China and Manchuria or placed in reserve. Imports of foreign flour into China during July-August were almost as large as in the corresponding period of 1940, amounting to only a little more than a half million barrels. Flour stocks at Shanghai on October 15 were estimated at 1 million bags, or more, which would fill consumption needs for at least 3 months, and in addition, it was thought that considerable amounts were being hoarded. The wholesale price of Canadian flour was \$2.05 per bag and of American flour \$2.14; neither domestic nor Japanese flour was quoted.

CHINA: Imports of wheat and flour, by country of origin,
July 1941, with comparisons

| Commodity and country | August | | | July-August | | |
|-----------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 1939 | 1940 | 1941 a/ | 1939 | 1940 | 1941 a/ |
| | 1,000 bushels | 1,000 bushels | 1,000 bushels | 1,000 bushels | 1,000 bushels | 1,000 bushels |
| Wheat | | | | | | |
| United States . | 533 | 363 | - | 2,159 | 363 | - |
| Canada | - | - | - | - | - | - |
| Australia | 356 | - | - | 2,448 | - | - |
| Japan | - | - | - | - | - | - |
| Others | - | - | - | - | - | - |
| Total | 889 | 363 | 411 | 4,607 | 363 | 1,061 |
| | 1,000 barrels | 1,000 barrels | 1,000 barrels | 1,000 barrels | 1,000 barrels | 1,000 barrels |
| Flour | | | | | | |
| United States . | 165 | 14 | - | 349 | 48 | - |
| Canada | 19 | 1 | - | 28 | 5 | - |
| Australia | 277 | 102 | - | 337 | 129 | - |
| Japan | 16 | 114 | - | 18 | 407 | - |
| Others | 1 | 2 | - | 7 | 7 | - |
| Total | 478 | 233 | 274 | 739 | 596 | 541 |

Official sources and American consulate, Shanghai.

a/ Country of origin not available.

Manchuria

The first official estimate of the 1941 Manchurian wheat crop was placed at 34,539,000 bushels, or 8 percent above the official estimate of the 1940 harvest. The American consulate at Shanghai, however, still estimates production for the 2 years at 29,800,000 and 27,558,000 bushels, respectively. Collections by the Government Monopoly have appeared to be better this year than last, but it seemed improbable that the Government

would be able to collect all contracts, which up to September 30 involved about 18 million bushels. The difference between the total crop and collections by the monopoly represents the amount retained by farmers for their own use and sold illegally. The official prices fixed for all commodities became effective on October 1, when the new 5-year plan began. For wheat of the 1941 crop, 22.60 yen per quintal (about \$1.45 per bushel) will be paid, plus a bonus of about 1 yen (6 cents) for producing and delivering the wheat according to contract previously made.

Japan

The final official wheat estimate for 39 Prefectures of Japan placed the 1941 crop at 48,700,000 bushels. In the unreported areas, where harvesting was delayed this season, it was unofficially estimated that about 4,500,000 bushels would be obtained, making the total crop about 53,000,000 bushels, as compared with the record crop of 1940, officially reported at 66,134,000 bushels. The reduction this year was only partially accounted for by a small decrease in acreage; unfavorable growing conditions and the shortage of fertilizer were considered more important factors in the decline. Although the Government plans to reduce the mulberry area to cut down silk production, the wheat production planned for 1942 was set at only 58 million bushels or below the official estimate for 1940. Government purchases of wheat have not been up to schedule so far this season, and flour deliveries at Tokyo have shown a great lag. Despite assurances of plentiful supplies, increased sacrifices by the people are urged, according to press reports. Trade statistics are not officially reported but wheat imports are estimated to have totaled over 5 million bushels during January-October, of which about 54 percent originated in Australia, 26 percent in Canada, and the remainder in the United States. Flour imports were small and consisted largely of special types. Exports of flour were probably on a reduced scale, but no definite information is available.

BOLIVIA TAKES STEPS TO INCREASE WHEAT AND BARLEY PRODUCTION . . .

Recent decrees promulgated by the Government of Bolivia were designed to stimulate the domestic production of wheat and barley, according to information received in the Office of Foreign Agricultural Relations. With regard to wheat, it was decreed that a new classification should be set up to serve as a foundation for fixing prices paid to producers. Under this, wheat is to be divided according to weight and milling quality into three categories: Excellent, Good, and Ordinary. Basic prices for these categories include a 45-percent increase over former prices, ranging from 76 to 85 bolivianos per 46 kilograms (\$0.97 to \$1.08 per bushel), which is to serve as a bonus for expanded production.

Milling industries are to contribute voluntarily one boliviano (about 2 cents) per 100 pounds on all flour produced, without regard to the cost of the product, and funds so derived will be used to aid wheat producers in various ways. Furthermore, an increase was contemplated in import duties on wheat flour and wheat for milling.

Import statistics show that Argentina supplies practically all the wheat entering Bolivia. In 1938 and 1939, however, small amounts were imported from the United States. During 1938-1940, total wheat imports averaged slightly less than 1.5 million bushels and flour imports about 100,000 barrels.

In the case of barley, grain destined for brewing is to be classified as Chevalier and Corriente. Basic prices were established for these categories, which include a 40-percent bonus over previous prices. Brewers will contribute to the support of the campaign according to quotas based on the volume of their production, and the income thus accrued will be used for purchasing farm equipment and supplying educational aid to farmers. Imports of barley into Bolivia during 1940 amounted to only 1,400 bushels, all of which came from Chile.

GRAIN STATISTICS . . .

GRAINS: Weekly average closing price per bushel, future delivery, at leading markets, 1940-1941

| Week ended | Wheat | | | | | | Corn | | | |
|------------|---------|-------|----------|-------|--------------|-------|---------|-------|--------------|------------|
| | Chicago | | Winnipeg | | Buenos Aires | | Chicago | | Buenos Aires | |
| | 1940 | 1941 | 1940 | 1941 | 1940 | 1941 | 1940 | 1941 | 1940 | 1941 a/ |
| | Cents | Cents | Cents | Cents | Cents | Cents | Cents | Cents | Cents | Cents |
| High b/ . | 85 | 123 | 68 | 72 c/ | 77 c/ | 56 | 60 | 85 | 34 | 26 |
| Low b/ .. | 72 | 106 | 65 | 67 c/ | 46 c/ | 55 | 55 | 74 | 25 | 26 |
| December | | | | | | | | | | |
| Sept. 20 | 78 | 121 | 66 | 68 d/ | 59 d/ | 55 | 56 | 84 | 31 | 26 |
| 27 | 80 | 121 | 65 | 67 d/ | 55 d/ | 55 | 58 | 81 | 30 | 26 |
| Oct. 4 | 82 | 122 | 66 | 70 d/ | 51 d/ | 56 | 58 | 82 | 29 | e/ |
| 11 | 83 | 119 | 65 | 69 d/ | 51 d/ | 55 | 59 | 78 | 28 | 26 |
| 18 | 85 | 113 | 65 | 67 d/ | 46 d/ | 56 | 60 | 74 | 25 | 26 |

Corn prices at Buenos Aires compiled from New York Journal of Commerce; all other prices from Chicago Daily Trade Bulletin.

a/ Official price. b/ July 6 to October 18, 1941, and corresponding dates for 1940. c/ October-November futures. d/ November futures. e/ Unquoted.

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V E G E T A B L E O I L S A N D O I L S E E D S

NETHERLANDS INDIES COPRA PRODUCTION
GREATLY REDUCED . . .

The Netherlands Indies suffered from a serious drought in 1940 that is now being felt by coconut producers. It is estimated that copra production will fall 35 percent below normal during the remaining months of 1941 and the first half of 1942, according to a report received by the Office of Foreign Agricultural Relations.

Prior to the outbreak of the European war, copra was the major export product of the vegetable-oil industry. European countries purchased large quantities, amounting to more than 60 percent of the total exports in 1939. When that market was lost, great economic distress occurred in some sections of the country. To offset this, the Government created the Copra Fund in September 1940. By the middle of the current year, this Fund had stabilized the industry and, through Government financing, managed to provide sufficient income for native producers to cover their minimum needs, with the exception of food, which the Fund requires them to cultivate for themselves.

The improvement in quality and the standardization initiated by the Fund are expected to lay a firm basis for the industry, so that determined and successful efforts can be made to obtain even a larger share of the world copra exports than before the war. Stocks of copra in the hands of the Copra Fund at the end of 1940 amounted to approximately 29,000 short tons, and by the end of June 1941 had reached 110,000 tons. Only copra of good quality is stored. It is estimated that the stocks will last from 2 to 2.5 years. Modern processing has cut down the losses formerly due to the increase of fatty acid, which occurs when copra is stored.

Two grades of copra are planned by the Fund, smoked and unsmoked. By teaching the natives how to construct kilns of special design, it is hoped that they will be able to produce a standard quality of smoked copra. Since enough charcoal for the fuel used in processing is obtained from the coconut husks, it is expected to be a simple matter for the natives to produce this standard export quality, provided they are willing to give the extra working hours necessary for this type of copra. Prices paid by the Fund vary according to the district. It is reported that a careful investigation has been made in each producing area as to living costs and cost of production. The price paid by the Copra Fund is then adjusted to cover all ordinary expenses of the natives, with the exception of food.

Exports of copra during January-March of this year totaled only 41,000 short tons compared with 135,000 tons for the corresponding months in 1940. Shipments of coconut oil, however, were somewhat larger, amounting to 7,665 and 6,250 tons, respectively. Figures for exports during the second quarter of the current year are not available at this time.

Palm oil production during the second quarter of 1941 showed a decline of 5.7 percent from the previous year. This was in line with expectations, as members of the Sumatra palm oil sales pool had voluntarily agreed to reduce the normal output by 25 percent. There was such a decided improvement in the market, however, that the sales pool decided to raise the restriction to 80 percent of normal. This should place the 1941 yield around 230,000 tons or 15,000 tons above an earlier estimate.

NETHERLANDS INDIES: Palm-oil production, annual and
January-June 1937-1941

| Year | Annual | January-June |
|------------|------------|--------------|
| | Short tons | Short tons |
| 1937 | 219,459 | 90,350 |
| 1938 | 249,856 | 103,280 |
| 1939 | 268,611 | 112,201 |
| 1940 | a/ 261,221 | 108,237 |
| 1941 | a/ 230,000 | 99,949 |

American consulate, Medan.

a/ Revised.

Exports of oil during the first 6 months of the current year were larger than the trade had anticipated, and prospects appear brighter for the remaining months.

NETHERLANDS INDIES: Palm-oil exports, annual 1939 and 1940,
January-June, 1940 and 1941

| Country of destination | Annual | | January-June | |
|-----------------------------|------------|------------|--------------|------------|
| | 1939 | 1940 | 1940 | 1941 |
| | Short tons | Short tons | Short tons | Short tons |
| Great Britain | 40,713 | 12,431 | 2,508 | 11,966 |
| Canada | 2,756 | 5,349 | 1,046 | 2,103 |
| United States | 114,590 | 117,134 | 51,887 | 62,123 |
| British India | 1,695 | 1,770 | 342 | 4,423 |
| Netherlands | 59,468 | 21,292 | 20,842 | - |
| Italy | 14,025 | 4,387 | 6,634 | - |
| Union of South Africa | 5,445 | 5,999 | 3,338 | 1,116 |
| China | 6,448 | 7,525 | 2,458 | 777 |
| Others | 8,019 | 18,226 | 11,414 | 4,977 |
| Total | 253,159 | 194,113 | 100,469 | 87,485 |

American consulate, Medan.

C O T T O N - O T H E R F I B E R S

IMPORTS OF COTTON INTO CHINA
MAY BE SHARPLY REDUCED . . .

The acute shipping shortage and inability of cotton importers to obtain sufficient foreign exchange are expected to cause a sharp reduction in imports of cotton into China, according to information received in the Office of Foreign Agricultural Relations. Exports of cotton yarn and textiles to all destinations were made subject to special permit from the Nanking regime, on and after October 8, 1941. At the same time, Japanese restrictions on shipments of cotton goods from Shanghai to unoccupied China are being more vigorously enforced. Curtailment of mill activity at Shanghai in coming months has been announced and is partly responsible for the record yarn prices reported in September, although heavy buying for speculative investment has been the chief price stimulant.

CHINA a/: Imports of cotton, by countries of origin,
August 1941, with comparisons
(In bales of 478 pounds net)

| Country of origin | August | | | October-August | | |
|----------------------|--------------|--------------|--------------|----------------|--------------|-------------------|
| | 1939 | 1940 | 1941 | 1938-39 | 1939-40 | 1940-41 |
| | <u>Bales</u> | <u>Bales</u> | <u>Bales</u> | <u>Bales</u> | <u>Bales</u> | <u>Bales</u> |
| United States | 3,696 | 6,097 | 12,163 | 95,453 | 436,192 | 129,497 |
| British India | 45,224 | 64,790 | 12,890 | 618,562 | 425,290 | 461,801 |
| Egypt | 1,604 | 0 | 3 | 32,161 | 36,680 | 9,776 |
| Brazil | 64,067 | 23,370 | 38,643 | 143,873 | 115,094 | 204,889 |
| Others | 2,381 | 498 | 2,685 | 13,531 | 29,225 | 14,171 |
| Total | 116,972 | 94,755 | 66,384 | 903,580 | 1,042,481 | <u>b/</u> 820,134 |

Compiled from Monthly Returns of the Foreign Trade of China.

a/ Excludes Manchuria.

b/ Includes an estimated 50,000 bales reexported.

The Exchange Stabilization Board has not allocated exchange for cotton imports since the beginning of September, reportedly because of large local stocks of cotton and yarn. Representations have been made to the Board by Chinese and British mills in an effort to obtain sufficient supplies of imported cotton to maintain mill operations at 60 percent of capacity. The cost of living at Shanghai reached an unprecedented high level in September, reducing the purchasing power of Chinese currency to only about 10 percent of the 1936 base. This factor, together with new restrictions on both imports of raw cotton and exports of textiles, portends a gloomy outlook for the cotton industry and trade at Shanghai under present conditions.

Unsold stocks of cotton at Shanghai at the end of September amounted to about 31,000 bales, including 15,000 Brazilian, 8,000 Indian, 2,000 American, and 5,000 Chinese. Forward purchases declined from 107,000 bales a month earlier to about 77,000 at the end of September, 60,000 of which were Brazilian, 12,000 Indian, and 3,000 American.

Japanese authorities and commercial representatives in China are reported to be making a concentrated effort to obtain more Chinese cotton this year than in the past. Official prices have been raised, more transportation facilities are offered, and purchasing agencies have been established to buy and allocate all available supplies for export to Japan and distribution to mills in China owned or controlled by Japanese. Japan expects to obtain from occupied China about 400,000 bales for export to Japan and shipment to Manchuria. If this goal is reached, it is believed that remaining available supplies in this area will not be sufficient to maintain mill operations outside of Shanghai at 30 percent of capacity. Because of the rising prices of cotton, however, there is some tendency for farmers to hold their cotton for further increases.

All cotton mills at Shanghai are expected to reduce operations in coming months as a result of the acute shipping shortage and inability of mills to obtain sufficient supplies of either Chinese or foreign cotton. Present indications are that local Chinese cotton reaching British and Chinese mills in Shanghai in 1941-42 may not exceed 15,000 bales. Japanese mills at Shanghai operated at 45 percent of capacity in September and reduced to 40 percent for October. Chinese and British mills operated at 70 and 65 percent, respectively, while mills in unoccupied China operated at 80 percent. September mill consumption for China, including Manchuria, was estimated at 114,000 bales.

COTTON STOCKS IN HUNGARY PRACTICALLY EXHAUSTED . . .

The cotton supply situation in Hungary has grown steadily worse since the outbreak of the German-Russian war on June 22, 1941. Prior to that date, spinners in Hungary had been receiving enough cotton from the Soviet Union to maintain mill operations on a restricted basis. All imports of cotton have now ceased entirely, and many spinning mills may be forced to close in the near future.

Stocks of American cotton, imported before the entry of Italy into the war, have long since been exhausted. It is reported that efforts to obtain cotton from Turkey have not been successful because Germany is taking all the export surplus from that country.

PRODUCTION OF CABUYA IN ECUADOR . . .

The United States, with its large jute industry, is particularly interested in the various vegetable fibers grown in the Western Hemisphere. If normal trade routes from India should become seriously disrupted, jute substitute fibers might be necessary. In Ecuador a plant known as fourcroya grows wild over an extensive area. The plant is used for fences, as a wind break, and to prevent erosion, according to a recent report from the American commercial attaché at Quito. A fiber called cabuya, obtained from the leaves of the plant, is used by the natives for making bags and bagging, ropes, belts, and soles for rope sandals.

Most of the production is carried on by the Indians from the uncultivated plants, although two plantations are in existence where the plant is cultivated. There are a few small establishments for the manufacture of various articles from the cabuya fiber.

Since the major portion of the fiber utilization is by individuals, there is no indication of the actual quantity produced other than the declared volume and value of the small amounts of fiber and articles manufactured from it that are exported. Even these small quantities do not assist materially in ascertaining production, because the exports of cabuya fiber include other vegetable fibers similar to cabuya. In 1938 only 95 pounds of these fibers were exported, but in 1939 approximately 142,000 pounds were exported, the United Kingdom taking practically all of this amount.

It is estimated that 750,000 bags are used annually for exporting coffee, cacao, and other products, and an equal number of bags is used for potatoes and other vegetables for the domestic market. Bags made from the cabuya fiber are used in the highland section for the latter products, whereas in the coastal section of the country, bags used for shipments of coffee and cacao are made primarily from imported jute bagging.

Since 1937, Ecuador's imports of bagging of jute, pita, and burlap have ranged from 827,000 to 2,072,000 pounds by weight. In addition, imported bags of these fibers were around 10 percent, by weight, of the amount of bagging imported. There is a duty equivalent to about 0.06 cent per pound on linen, jute, sisal, and all similar fibers. The yarns and fabrics manufactured from these fibers are also subject to import duties.

The Government has no subsidies or other measures that would promote the growing or manufacture of cabuya or other vegetable fibers. It is reported that production could be increased if a definite need should arise for the fibers.

* * * * *

T O B A C C O

SUMATRA LEAF PRODUCTION LOW, STOCKS LARGE . . .

The 1941 production of Sumatra cigar-wrapper tobacco is approximately 35 percent below the near-normal 1940 crop, but sales and future production outlook remain unfavorable, according to American Consul John B. Ketcham at Medan. Most of the reduction results from the 25-percent cut in acreage, which was made because of the closing of European markets. Unusually dry weather over much of the district also contributed to the decline and adversely affected quality, and the crop is expected to be somewhat inferior to that of 1940. The production is estimated at 15.9 million pounds as compared with the 1940 harvest of 24.5 million pounds. It is anticipated, however, that the supply of American grades in the current crop will be near the quantity available from the 1940 production, since the acreage was confined, so far as possible, to land that produces a higher percentage of American grades.

Exports from the 1940 crop were limited almost entirely to shipments to the United States (see Foreign Crops and Markets, July 14, 1941). Unexported supplies total 15.3 million pounds, and it is apparent that much of the 1941 crop will be added to this unsold surplus. Production plans for 1942 have not been definitely formulated, but despite large carry-overs, it is expected that the acreage will be about the same.

JAVA FLUE-CURED TOBACCO OUTPUT INCREASED,
DOMESTIC TYPES CURTAILED . . .

The closing of European markets has resulted in a sharp decrease in the production of domestic types of tobacco in Java. A part of the decline, however, has been offset by increased output of American-type flue-cured leaf to be used in place of imports from the United States in the manufacture of cigarettes, according to report from American Consul Thomas S. Horn at Surabaya. The 1941-42 acreage of "Vorstenlanden" leaf is to be only about half of a normal acreage for this type. Large reductions are also reported for "Besoekei" and other types formerly exported to Europe.

A number of estates in the Vorstenlanden district have devoted part of their lands to flue-cured leaf, and it is estimated that the recent harvest of this type will total about 4 million pounds. The 1941 flue-cured production in the Bodjonegoro district, where the leaf has been grown for some years, is above that of past seasons, totaling about 9 million pounds. The 13-million-pound flue-cured production for all Java is the largest on record and compares with the pre-war 1938 crop of only 4 million pounds.

* * * * *

FRUITS, VEGETABLES, AND NUTS

UNITED STATES-ARGENTINE TRADE AGREEMENT PROVIDES MUTUAL CONCESSIONS ON FRUIT ITEMS . . .

Concessions were granted by both the United States and Argentina on fruit and other horticultural products under the terms of the trade agreement between the two countries that was signed on October 14, 1941. Argentina granted concessions on fresh apples, pears, and grapes, certain dried fruits, and unshelled walnuts, while the United States concessions included those on fresh pears, grapes, and plums, quince jelly, prepared tomatoes, and asparagus.

ARGENTINA: Concessions granted on specified fruit products
in the United States-Argentine trade agreement,
October 14, 1941

| Commodity | Argentine duty <u>a/</u> | | | | Treatment and extent of reduction | |
|---|--------------------------|---------------------|-----------------|---------------------|-----------------------------------|-------|
| | Before agreement | | After agreement | | | |
| | Gold pesos | Cents | Gold pesos | Cents | | |
| | per kilogram | per pound <u>b/</u> | per kilogram | per pound <u>b/</u> | Percent | |
| Apples, fresh | 0.063 | 1.50 | 0.032 | 0.76 | <u>c/</u> | 49 |
| Pears, fresh | 0.063 | 1.50 | 0.032 | 0.76 | <u>d/</u> | 49 |
| Grapes, fresh | 0.042 | 1.00 | 0.021 | 0.50 | <u>e/</u> | 50 |
| Prunes, dried | 0.1408 | 3.36 | 0.099 | 2.36 | | 30 |
| Dried pitted peaches, apples, pears, and cherries | 0.1572 | 3.75 | 0.1572 | 3.75 | | Bound |
| Raisins, corinth, sultanina, or sultana | 0.1794 | 4.28 | 0.117 | 2.79 | | 35 |
| Walnuts, unshelled | 0.0416 | 0.99 | 0.0416 | 0.99 | | Bound |

a/ Net duty including base duties and surtaxes calculated on official valuations.

b/ Conversions are approximate only, being based on the 1939 free market rates.

c/ October 1 to January 31 inclusive.

d/ October 1 to December 31 inclusive.

e/ September 1 to November 30 inclusive.

Argentina reduced its import duty on American fresh apples by about 49 percent, effective for the October-January period. The duty on fresh pears was also cut by 49 percent for the October-December period. In the 1920's, the United States shipped a considerable volume of apples and pears to Argentina, but the volume of the trade declined sharply in the 1930's because of the rising trend in Argentine production of these

fruits, along with certain exchange, tariff, and sanitary regulations that were introduced or increased by Argentina during the past decade. The Argentine duty on fresh grapes was reduced by 50 percent, effective September 1 to November 30, inclusive. The United States has not shipped any important quantities of grapes to Argentina, but the trend up to the 1938-39 season was upward.

UNITED STATES: Exports and imports of apples and pears
to and from Argentina

| Year July-June | Apples | | Pears | |
|-------------------|-------------------------|---------------------------|-------------------------|---------------------------|
| | Exports to Argentina | Imports from Argentina | Exports to Argentina | Imports from Argentina |
| Average - | 1,000 bushels | 1,000 bushels | 1,000 bushels | 1,000 bushels |
| 1927-27 to | : | : | : | : |
| 1930-31 | 635 | 0 | 36 | a/ |
| 1931-32 to | : | : | : | : |
| 1935-36 | 167 | 0 | 22 | a/ |
| Annual - | : | : | : | : |
| 1934-35 | 105 | 0 | 16 | 3 |
| 1935-36 | 156 | 0 | 14 | 12 |
| 1936-37 | 95 | 0 | 8 | 64 |
| 1937-38 | 113 | 0 | 7 | 38 |
| 1938-39 | 54 | 0 | 10 | 84 |
| 1939-40 | 93 | 0 | 1 | 238 |
| 1940-41 | b/ 27 | c/ | b/ 3 | 289 |

Compiled from official records, Bureau of Foreign and Domestic Commerce. Apples in bushels of 48 pounds; pears in bushels of 50 pounds.

a/ Not available. If any, insignificant. b/ July to March. c/ Less than 500 bushels.

The duty on raisins was cut by 35 percent and that on prunes by 30 percent. United States exports of raisins to Argentina averaged 516 short tons in the 1931-32 to 1935-36 period, but had dropped to only 192 tons by 1939-40, while prune exports dropped from 1,810 tons to 889 tons.

Concessions were also granted to the United States on certain other dried-fruit products. These are particularly important, since they insure American products tariff charges equal to those on shipments to Argentina from Chile, which had previously been reduced in an Argentine-Chile agreement. The duties assessed on these products are 35 percent below the rates chargeable under the general Argentine tariff, and for walnuts the figure is 50 percent. The rates on dried peaches, apples, pears, and cherries and on unshelled walnuts were bound against increase.

On one of the most important factors affecting United States exports to Argentina in recent years - the volume of dollar exchange that will be granted by the Argentine authorities for the purchase of

American fruit products - the Argentine Government has undertaken to provide at least some exchange on all items included in the agreement but made no commitments as to the actual volume.

On its side, the United States made concessions on several of the horticultural products shipped from Argentina. ^{1/} The present low American duty on imports of Argentine pears has been bound against any rise. In an exchange of notes accompanying the agreement, it was provided that the question of placing quantitative limitations upon the importation of Argentine pears into this country is to be taken up in the near future through the mixed commission provided for in the agreement. The duty on fresh grapes was cut to 12.5 cents per cubic foot in the February 15-June 30 period, while the rate on plums was cut to 0.25 cent per pound in the February 1-May 31 period. Under the category of jellies, jams, marmalades and fruit butters, quince preserves are now to be assessed a duty of 12.5 percent ad valorem. The new rate on asparagus in the November 16-February 15 period is 25 percent ad valorem, while the duty on prepared and preserved tomatoes was cut by 50 percent to a charge of 25 percent ad valorem.

UNITED STATES: Concessions granted on specified horticultural products in United States-Argentine agreement,
October 14, 1941

| Commodity | 1922 | 1930 | Before agreement | After agreement | Treatment and extent of reduction |
|--|-----------------|-----------------|------------------|-------------------|-----------------------------------|
| | | | | | Percent |
| Pears, green, ripe or in brine | 0.5¢ per lb. | 0.5¢ per lb. | 0.5¢ per lb. | 0.5¢ per lb. | Bound |
| Grapes | 25¢ per cu. ft. | 25¢ per cu. ft. | 25¢ per cu. ft. | 12.5¢ per cu. ft. | 50 <u>a/</u> |
| Plums, prunes, and prunellas (green or ripe, not in brine) | 0.5¢ per lb. | 0.5¢ per lb. | 0.5¢ per lb. | 0.25¢ per lb. | 50 <u>b/</u> |
| Quince jelly | 35% ad valorem | 35% ad valorem | 20% ad valorem | 17.5% ad valorem | 12.5 |
| Tomatoes, prepared or preserved in any manner | 15% ad valorem | 50% ad valorem | 50% ad valorem | 25% ad valorem | 50 |
| Asparagus | 25% ad valorem | 50% ad valorem | 50% ad valorem | 25% ad valorem | 50 <u>c/</u> |

a/ February 15 to June 30 inclusive. b/ February 1 to May 31 inclusive.
c/ November 16 to February 15 inclusive.

^{1/} See Argentine fruit exports in Foreign Crops and Markets, Aug. 25, 1941.

CANADIAN POTATO CROP IN 1941 REDUCED . . .

The first estimate of the 1941 potato crop in Canada has been placed at 65,483,000 bushels, or about 7 percent below the production in the previous year, according to a crop report of October 10 released by the Canadian Bureau of Statistics. The principal declines in production are reported for Quebec, Prince Edward Island, and New Brunswick. Increased yields in Manitoba and Ontario are largely responsible for the heavier production in these Provinces.

Yield per acre is estimated at 128 bushels, or slightly under that for 1940. Substantial reductions are reported for most Provinces, with the exception of the sharp increases estimated in both Manitoba and Quebec. Total acreage is estimated at 508,100 acres, or about 7 percent below that of 1940. This figure, however, is nearly 20,000 acres below the estimate of farmers' intentions to plant, which was issued in the spring on conditions as of April 30.

POTATOES: Acreage, yield, and production in Canada, by Provinces, 1940 and 1941

| Province | Acreage | | Yield per acre | | Production | |
|-------------------------|----------------------|----------------------|----------------|---------|------------------------|------------------------|
| | 1940 | 1941 | 1940 | 1941 | 1941 | 1941 |
| | a/ 1,000 acres | b/ 1,000 acres | Bushels | Bushels | a/ 1,000 Bushels | b/ 1,000 Bushels |
| Prince Edward Island .. | 42.4 | 35.5 | 180 | 160 | 7,632 | 5,680 |
| Nova Scotia | 22.9 | 20.5 | 168 | 183 | 3,855 | 3,758 |
| New Brunswick | 54.3 | 47.8 | 212 | 190 | 11,493 | 9,082 |
| Quebec | 149.8 | 139.9 | 146 | 127 | 21,875 | 17,720 |
| Ontario | 146.8 | 138.0 | 77 | 102 | 11,255 | 14,030 |
| Manitoba | 34.3 | 36.4 | 87 | 140 | 2,973 | 5,096 |
| Saskatchewan | 49.0 | 47.0 | 87 | 85 | 4,247 | 3,995 |
| Alberta | 25.5 | 23.5 | 122 | 117 | 3,103 | 2,742 |
| British Columbia | 20.0 | 19.5 | 203 | 173 | 4,067 | 2,230 |
| All Canada | 545.0 | 508.1 | 130 | 128 | 70,500 | 65,483 |

Compiled from Field Crops, 1941. Canadian Bureau of Statistics, October 10, 1941. Converted to bushels of 60 pounds.

a/ Revised. b/ First estimate.

The total acreage entered for seed certification in Prince Edward Island, one of the important seed-potato areas in Canada, is only 11,194 acres, or more than 5,000 acres below that for 1940. The large reductions are in Irish Cobbler and Green Mountain, while increases are reported for several minor varieties.

PRINCE EDWARD ISLAND: Potato acreage entered for seed certification,
by varieties, 1940 and 1941

| Variety | 1940 | 1941 <u>a/</u> | Difference |
|----------------------|--------------|----------------|--------------|
| | <u>Acres</u> | <u>Acres</u> | <u>Acres</u> |
| Irish Cobbler | 10,784 | 6,788 | -3,996 |
| Green Mountain | 4,925 | 3,590 | -1,335 |
| Katahdin | 400 | 590 | 190 |
| Bliss Triumph | 73 | 120 | 29 |
| Chippewa | 23 | 42 | 19 |
| Houma | 6 | 60 | 54 |
| Others | 11 | 22 | 11 |
| Total | 16,222 | 11,194 | -5,028 |

American Consulate, St. John, New Brunswick. a/ Preliminary.

A report indicates that the potato crop in Prince Edward Island was late this year. Up to the end of September, few potatoes were dug. Earlier, unfavorable weather conditions delayed planting, and later rains delayed digging. Quality this year is spotted, and the unfavorable weather has encouraged blight and rot. It is reported that an early shipment of a few cars for export to the West Indies was held up at Halifax for regrading, because of blight and immaturity.

UNITED STATES: Imports of seed potatoes from Canada by months,
average 1926-1940, annual 1938-1941

| Month | Average 1926-1940 | 1938 | 1939 | 1940 | 1941 |
|-----------------|----------------------|----------------|----------------|----------------|----------------|
| | <u>Bushels</u> | <u>Bushels</u> | <u>Bushels</u> | <u>Bushels</u> | <u>Bushels</u> |
| January | 14,032 | 6,558 | 16,673 | 18,001 | 40,685 |
| February | 27,188 | 9,619 | 7,506 | 101,847 | 42,821 |
| March | 351,118 | 356,396 | 546,285 | 296,262 | 238,732 |
| April | 110,726 | 61,706 | 105,799 | 116,557 | 131,300 |
| May | 37,311 | 27,713 | 8,918 | 52,903 | 33,563 |
| June | 10,349 | 1,856 | 526 | 29,573 | 1,125 |
| July | 155 | 0 | 0 | 0 | 0 |
| August | 625 | 0 | 0 | 800 | - |
| September | 14,795 | 2,633 | 3,533 | 33,832 | - |
| October | 56,902 | 111,827 | 53,133 | 3,186 | - |
| November | 217,782 | 107,460 | 483,152 | 175,264 | - |
| December | 36,448 | 41,136 | 75,930 | 14,929 | - |
| Total | 877,441 | 726,904 | 1,301,555 | 843,154 | - |

Compiled from official records, Bureau of Foreign and Domestic Commerce.

BRITISH POTATO SUBSIDY INCREASED . . .

The British Government has recently announced the policy of an increased potato subsidy to growers and of maintaining cheap retail prices during the coming marketing season, according to information received in the Office of Foreign Agricultural Relations. Growers are to be paid £10 (\$40.20) per acre for all land in potatoes. This method of subsidy favors growers who are unable to obtain high yields per acre and reduces the financial risk of crop failure to farmers without previous experience in potato growing. Allowing for the acreage subsidy and the adjustments in the guaranteed price at which the Ministry of Food buys potatoes from growers, the new subsidy probably averages about 15 shillings per long ton (27 cents per 100 pounds) higher than last year.

Potatoes hold an important position in the Government's wartime food policy. The gap created by the shortage of other foods during the past year has been met to a considerable degree by the adequate supplies of potatoes available at reasonable prices. The Ministry of Food has urged the public to consume more potatoes and has indicated that, with the present subsidy, retail prices will be maintained at around 1 penny (about 2 cents) per pound.

BERMUDA VEGETABLE CROPS TO BE HEAVIER;
MARKET PROSPECTS EXTREMELY FAVORABLE . . .

Because of the severe drought last summer, vegetable plantings in Bermuda are unusually late, and, while no estimates of the acreages of the various vegetables are yet available, the Department of Agriculture expects that the total acreage planted to vegetables this year will be expanded slightly, according to a report received from American Vice-Consul Edwin W. Martin at Hamilton.

The most important vegetables grown in Bermuda, in the order of their importance, are potatoes, carrots, cabbage, turnips, and beans. In 1940, the area planted to potatoes was 600 acres, with all other vegetables totaling 750 acres. Marked increases in plantings for 1941 are being anticipated for onions, cabbage, and Swedish turnips. The United States supplies Bermuda with fresh and processed vegetables, and this country seasonally obtains small quantities of fresh vegetables from the Islands.

Although the dry weather has delayed planting, it should not adversely affect crop yields. Weather conditions during the growing season in the past few years have been unfavorable, and, accordingly, improved growing conditions are being hoped for and anticipated this season. Pests are reported well under control, and damage from this source should be slight.

The domestic market for vegetables in Bermuda is much larger this year and will undoubtedly cut deeply into the Colony's export surplus. The demand has increased since the war out of all proportion to the probable plantings. Many Americans are now in Bermuda in connection with the American bases and are dependent upon local production for fresh vegetable supplies. In addition, several thousand British emigrés and members of the Imperial censorship and contraband control are now residing in the Islands. As a result, the domestic market should be one of the best ever enjoyed by farmers.

No Bermuda vegetables are expected to be offered for export to the United States until March 1942. Potatoes, which are usually offered during the last few months of the year, will be unavailable because of the lateness in planting. By the time Bermuda has potatoes to offer, American supplies will be sufficient to discourage imports.

The Department of Agriculture has pointed out the good opportunities for export, especially to Canada and the West Indies. Sales to Canada are expected to expand, with prospects markedly favorable for shipments of onions, celery, and beets. From April onward, the expanding West Indian market is expected to provide an outlet for onions, cabbage, and yellow turnips. The local cannery plans to pack beets in April, string beans in May, and tomatoes in June.

UNITED STATES: Trade with Bermuda in vegetables and vegetable preparations, 1937-1939

| Kind of vegetable | 1937 | 1938 | 1939 |
|---------------------------------------|---------|---------|---------|
| | Dollars | Dollars | Dollars |
| IMPORTS | | | |
| Potatoes, white (table stock) | 17,581 | 13,389 | 4,199 |
| Others | 1,871 | 89 | 2,957 |
| Total vegetables | 19,452 | 13,508 | 7,156 |
| EXPORTS | | | |
| Dried beans | 3,442 | 2,679 | 4,672 |
| Onions, fresh | 2,208 | 3,798 | 2,687 |
| Beans, fresh | 3,009 | 2,198 | 2,398 |
| Peas, green | 3,102 | 3,426 | 2,881 |
| Total vegetables a/ | 48,541 | 50,006 | 56,977 |
| Other vegetable preparations | 52,359 | 50,392 | 52,106 |
| Total vegetables and preparations ... | 100,900 | 100,398 | 109,083 |

Compiled from official sources.

a/ Includes other fresh, dried, and canned vegetables.

* * * * *

L I V E S T O C K A N D A N I M A L P R O D U C T SMEXICO FILLS HEAVY-CATTLE QUOTA
EARLY EACH QUARTER . . .

Latest advices to the Office of Foreign Agricultural Relations from the States of northern Mexico bordering on the United States are to the effect that Mexican shipments of heavy cattle to the United States are approximately 3 months in advance of the quota. Entries are reported to have been made in bond against the subsequent quota in the case of shipments from the Chihuahua district of Mexico. The northern States of Mexico find the United States a logical outlet for surplus finished cattle, as well as feeders, owing to the long haul and prohibitive rates to Mexico City, which make marketing there unprofitable. Mexico ships from 2 to 3 times as many cattle to the United States as does Canada, the bulk in the stocker-and-feeder class paying the full duty.

An increase in Mexican cattle marketings in the United States this year has been favored by continued excellent range and cattle conditions in the States of northern Mexico, relatively high cattle prices in the United States, and a favorable exchange rate. While range and cattle conditions continue to be favorable in the State of Chihuahua, the situation in Sonora is on the verge of changing materially due to generally insufficient summer rains in the range area. Grass has deteriorated, while the number of cattle to be fed is larger. As cattlemen in this section argue that they lose money or barely make expenses unless they feed cattle to 700 pounds or more, the outlook for the fall and winter of 1941-42 is not so good in some sections unless well-distributed and heavy rainfall occurs soon.

During the 7-month period, January-July, these two districts of northern Mexico marketed 241,000 head of dutiable cattle in the United States or 67 percent of total Mexican shipments so far this year. Approximately 63 percent of the total was shipped through the Chihuahua Consular District and the remainder through the Nogales district. August shipments from these districts, totaled only 6,064 head.

Indications were that Mexico would fill the heavy-cattle quota for the last quarter of this year early in October. The quarterly quota allotted countries other than Canada is 13.8 percent of the total allowed all countries. The quota for the third quarter was filled by July 5. Mexico could readily furnish considerably larger numbers of heavy cattle to the United States, but is restricted by quota to not more than 8,280 quarterly at the reduced rate of 1.5 cents per pound. All entries above that amount are subject to payment of the full duty of 3 cents per pound. Notwithstanding the fact that heavy-cattle entries from Mexico during the first 7 months of 1941 reached 40,951 head, an increase of 35 percent above the same period of 1940, entries were smaller than in 1939.

Imports of all classes of cattle from Mexico have increased materially this year and in the first 7 months amounted to 361,000 head, or 29 percent more than in 1940. Stocker-and-feeder cattle shipments in the weight class of 200 to 699 pounds reached 283,000 head in the first 7 months of the year, which was 28 percent above those of a year ago. This class pays the full duty of 2.5 cents per pound, and imports are not restricted by quota. The outlook for cattle feeders in the United States for the coming year is not particularly favorable, owing to the fact that at present the spread between the price of feeder cattle and finished cattle has narrowed. This may tend to restrict imports of feeder cattle to some extent.

More calves also have been received from Mexico than in the same period of 1940, and as the annual quota, fixed at 100,000 from all countries, had about been filled by early September, the collectors of customs were instructed, effective September 8, to collect the duties at 2.5 cents per pound, the full rate under the Tariff Act of 1930, pending the fulfillment of the quota for the calendar year 1941. Excessive duties deposited on imported cattle of this class found to be within the quota limitation were to be refunded later.

UNITED STATES: Imports of dutiable cattle from Mexico,
January-July, 1940 and 1941

| Month | 700 pounds and over a/ | | 200 to 699 pounds b/ | | Under 200 pounds c/ | | Total | |
|----------------------|----------------------------------|---------|-------------------------|---------|------------------------|--------|---------|---------|
| | 1940 | 1941 | 1940 | 1941 | 1940 | 1941 | 1940 | 1941 |
| | Number | Number | Number | Number | Number | Number | Number | Number |
| January .. | 14,910 | 11,383 | 41,634 | 45,314 | 3,444 | 4,262 | 59,988 | 60,960 |
| February .. | 294 | 324 | 25,401 | 57,046 | 3,324 | 9,000 | 29,019 | 66,370 |
| March | 63 | 185 | 25,187 | 48,182 | 5,304 | 9,055 | 30,554 | 57,422 |
| April | 9,273 | 13,366 | 51,573 | 54,823 | 6,500 | 6,580 | 67,346 | 74,769 |
| May | 468 | 218 | 45,377 | 47,613 | 5,341 | 4,845 | 51,186 | 52,676 |
| June | 189 | 26 | 18,523 | 13,542 | 2,516 | 1,736 | 21,228 | 15,304 |
| July | 5,123 | 15,448 | 14,356 | 16,973 | 766 | 757 | 20,245 | 33,178 |
| January- July ... | 30,320 | 40,951 | 222,051 | 283,493 | 27,195 | 36,235 | 279,566 | 360,679 |
| | Total imports from all countries | | | | | | | |
| January- July ... | 98,178 | 108,966 | 226,436 | 287,213 | 84,063 | 82,065 | 408,677 | 478,244 |

Compiled from official sources.

a/ Countries other than Canada are allowed a quota of 8,280 head at reduced duty of 1.5 cents per pound; cattle in excess of quota pay regular duty of 3 cents.

b/ 1930 rate of 2.5 cents per pound.

c/ Quota of 100,000 a year from all countries at reduced rate of 1.5 cents; in excess of this quantity 2.5 cents per pound.

UNITED STATES: Average price per 100 pounds of stocker
and feeder steers at Kansas City, 1938-1941

| Month | Steers weighing from 501 to 700 pounds | | | |
|-----------------|--|---------|---------|---------|
| | 1938 | 1939 | 1940 | 1941 |
| | Dollars | Dollars | Dollars | Dollars |
| January | 7.02 | 8.36 | 7.98 | 9.78 |
| February | 7.18 | 8.77 | 8.37 | 9.81 |
| March | 7.66 | 9.15 | 9.32 | 10.48 |
| April | 7.46 | 9.16 | 9.20 | 10.64 |
| May | 7.79 | 8.95 | 9.23 | 10.51 |
| June | 7.35 | 8.07 | 8.17 | 9.96 |
| July | 7.29 | 7.65 | 7.76 | 9.60 |
| August | 7.38 | 7.75 | 8.31 | 9.66 |
| September | 7.36 | 8.22 | 8.50 | 10.03 |
| October | 7.55 | 8.26 | 8.63 | - |
| November | 7.77 | 8.00 | 8.76 | - |
| December | 7.87 | 8.10 | 8.53 | - |
| Year | 7.49 | 8.28 | 8.56 | - |

Compiled from records of the Agricultural Marketing Service.

ARGENTINE HIDES AND SKINS INDUSTRY
STIMULATED BY INCREASED
UNITED STATES PURCHASES . . .

Large United States purchases during the first 7 months of 1941 have played a major role in stimulating increased activity in the Argentine hides and skins industry as compared with the January-July period of 1940, according to recent information received in the Office of Foreign Agricultural Relations. The United States has been by far the largest market for Argentine hides and skins during the current year, with Great Britain and Japan also buying sizable quantities.

United States imports of major types of hides and skins from Argentina during the first 7 months of 1941 were 91 percent higher than during the same period of 1940, having increased from 68,307,000 pounds in 1940 to 130,298,000 in 1941. (Does not include small quantities of reptile skins, deer- and elkskins, and miscellaneous hides and skins.) The greatest demand was for wet cattle hides, which go to make up the largest percentage of United States leather products.

UNITED STATES: Imports of hides and skins from Argentina,
January-July, 1940 and 1941

| Classification | : 1940 a/ | : 1941 a/ |
|---|-----------------|----------------|
| | : January-July: | : January-July |
| | : 1,000 pounds: | : 1,000 pounds |
| Cattle hides - Dry..... | : 2,363 | : 4,079 |
| Wet..... | : 47,661 | : 105,833 |
| Kipskins - Dry..... | : 306 | : 761 |
| Wet..... | : 437 | : 351 |
| Calfskins - Dry..... | : 234 | : 103 |
| Wet..... | : 36 | : - |
| Horse, colt, and ass skins - Dry..... | : 1,192 | : 1,939 |
| Wet..... | : 3,324 | : 2,871 |
| Sheep- and lambskins, dry, green, and woolled | : 939 | : 3,968 |
| Sheep and lamb slats, Dry..... | : 10 | : 95 |
| Sheep and lambs, pickled skins, fleshers, and skins..... | : 9,644 | : 7,170 |
| Goat- and kidskins - Dry..... | : 2,155 | : 3,123 |
| Wet..... | : 6 | : 6 |
| Total..... | : 68,507 | : 130,298 |

Compiled from official records, Bureau of Foreign and Domestic Commerce.

a/ Does not include small quantities of deer and elk skins, reptile skins, and miscellaneous skins.

An estimate of production calculated from slaughter figures shows that Argentina's production of hides and skins increased from 6,336,153 pieces during the first 7 months of 1940 to 6,591,019 during the corresponding period of 1941.

ARGENTINA: Production of hides and skins, July and
January-July 1941, with comparisons a/

| | : 1940 | : 1941 |
|------------------------|------------------------|-----------------------|
| | : July : January-July: | : July : January-July |
| | : Pieces : Pieces | : Pieces : Pieces |
| Cattle hides - | | |
| In packing houses | : 222,646 : 1,875,994 | : 289,905 : 2,050,803 |
| Others | : 127,060 : 919,602 | : 128,255 : 995,085 |
| Total | : 349,706 : 2,795,596 | : 418,160 : 3,045,888 |
| Sheepskins - | | |
| In packing houses | : 175,582 : 2,746,229 | : 316,146 : 2,458,347 |
| Others | : 31,082 : 269,737 | : 29,211 : 328,626 |
| Total | : 206,664 : 3,015,966 | : 345,347 : 2,786,973 |
| Pigskins - | | |
| In packing houses | : 34,172 : 300,230 | : 70,921 : 495,229 |
| Others | : 43,772 : 224,361 | : 49,574 : 262,929 |
| Total | : 77,944 : 524,591 | : 120,495 : 758,158 |
| Total hides and skins: | : 634,314 : 6,336,153 | : 884,012 : 6,591,019 |

Compiled from report of American Embassy, Buenos Aires.

a/ Estimated from slaughter figures.

Argentine export figures received recently show that total exports of hides and skins from Argentina during the first 8 months of 1941 were 252,819,000 pounds as compared with 228,553,000 pounds during the January-August period of 1940, an actual increase of 10.6 percent. Total values were also higher during this period, having increased 12.2 percent due principally to increases in values of salted cattle hides and horsehides. No Argentine export figures by countries nor United States imports by countries for August 1941 are yet available.

ARGENTINA: Exports of hides and skins,
January-August, 1940 and 1941

| Classification | 1940 | 1941 |
|-------------------------------|---------------------|---------------------|
| | <u>1,000 pounds</u> | <u>1,000 pounds</u> |
| Cattle hides - | | |
| Salted | 185,802 | 205,504 |
| Dried | 17,061 | 12,983 |
| Total | 202,863 | 218,487 |
| Sheepskins - | | |
| Wooled | 7,033 | 8,534 |
| Lambskins | 756 | 1,567 |
| Pelts, salted and dried | 10,500 | 10,415 |
| Total | 18,289 | 20,516 |
| Horsehides - | | |
| Salted | 2,637 | 4,345 |
| Dried | 1,005 | 2,159 |
| Total | 3,642 | 6,504 |
| Goatskins | 2,220 | 3,613 |
| Kidskins | 139 | 62 |
| Pigskins, dried | 13 | 15 |
| Others | 1,387 | 3,622 |
| Total hides and skins | 228,553 | 252,819 |

Ministerio de Hacienda, Direccion General de Estadistica de la Nacion.

Argentina is the largest surplus-producing area of hides and skins in the Western Hemisphere. The Pampas area is one of the most noted cattle- and sheep-producing areas of the world. Here livestock can be produced almost entirely on pasture and at low cost, thus enabling economical production of hides and skins and meat. The majority of the take-off

of hides and skins is performed by the "frigorificos" (packing houses). Excellent workmanship, methods of take-off, and curing results in a predominance of high-grade hides and skins. These are the principal types imported into the United States, which has a deficiency in hides and skins despite its large production of livestock. Argentina is the largest supplier of these deficient products.

Of interest and importance in the hide-and-skin trade between the United States and Argentina was the recent trade agreement signed by the two countries. Under this agreement the rate on dutiable bovine hides and skins entering the United States from Argentina was reduced from 10 percent and valorem as specified by the act of 1930 to 5 percent ad valorem. The reduced rate is applicable to imports of cattle hides, calf- and kip-skins; and buffalo hides not for use in the manufacture of rawhide articles. Imports of other hides and skins are free of duty, as previously.

MILITARY ORDERS CAUSE CANADIAN WOOLEN MILLS TO WORK AT FULL CAPACITY . . .

At the beginning of the war, Canada, in contrast to the United States, was largely dependent on outside sources of supply to meet domestic wool requirements. A summary of how the industry in Canada was geared up to meet wartime requirements is of interest, considering our own defense effort, although there is very little parallel between the industry in Canada and in the United States.

Canadian consumption of wool, on a grease basis, averaged 62 million pounds prior to the present war, only about 30 percent of which was produced at home. In peace time Canada uses about 40 million pounds of wool annually of the weight suitable for military cloth and blankets and grows about 8 million pounds of such wool. This crossbred wool for civilian purposes is used for clothing for farmers, miners, lumbermen and fishermen, and for blankets, paper felts in the news print mills, and hand-knitting yarns. The finer qualities cannot be substituted except to a negligible degree.

The domestic wool clip is mainly of the worsted or finer type, i.e., 56's and up. The wool used for manufacture of military cloth in Canada is coarser, ranging from 46's to 50's. The deficiency in these wools is made up in peacetime from New Zealand, either by direct raw-wool shipment or via Great Britain in the form of raw wool or tops. Cross-breeds from South America are not normally available for use in Canada because of substantial customs duties on non-Empire wools. Australian and South African wools are of finer types than can be used for military purposes, and the bulk of wools imported from these countries is used for civilian purposes.

CANADA: Trade in raw wool, 1935 to 1939

| Item | 1935 | 1936 | 1937 | 1938 | 1939 |
|----------------------|--------|--------|--------|--------|--------|
| | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| | pounds | pounds | pounds | pounds | pounds |
| <u>Exports -</u> | | | | | |
| United States | 3,535 | 4,116 | 1,993 | 548 | 2,673 |
| Total | 8,363 | 9,102 | 4,813 | 4,260 | 4,664 |
| <u>Imports -</u> | | | | | |
| New Zealand | 5,900 | 13,053 | 14,207 | 7,516 | 10,241 |
| United Kingdom | 6,305 | 6,306 | 5,529 | 4,112 | 4,322 |
| Australia | 1,806 | 2,676 | 3,920 | 3,395 | 3,417 |
| United States | 2 | 3 | 4 | 1 | 255 |
| Others | 830 | 739 | 766 | 498 | 842 |
| Total | 14,843 | 22,777 | 24,436 | 15,522 | 19,077 |

Compiled from official sources.

The finer wool grown in Canada can be exported to advantage to the United States, especially since American mills making cloth for United States military requirements are in need of large quantities of this wool. The Canadian Government is now releasing more and more of this wool for export to the United States.

UNITED STATES: Imports of Canadian wool for consumption, 1938-1940, January-June 1940 and 1941

| Item | 1938 | 1939 | 1940 | January-June 1940 | 1941 |
|-----------------------------------|--------|--------|--------|-------------------|--------|
| | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 |
| | pounds | pounds | pounds | pounds | pounds |
| <u>Carpet wool -</u> | | | | | |
| Free | - | - | - | - | - |
| Dutiable | 42 | 70 | 1 | 1 | - |
| <u>Wool not finer than 40's -</u> | | | | | |
| Free | - | - | - | - | - |
| Dutiable | 117 | 135 | 117 | 59 | 87 |
| <u>Wool finer than 40's -</u> | | | | | |
| Woolen type | 109 | 626 | 181 | 120 | 178 |
| Worsted type | 669 | 1,389 | 3,002 | 860 | 162 |
| Total | 937 | 2,220 | 3,301 | 1,040 | 427 |

Compiled from official records, Bureau of Foreign and Domestic Commerce.

The problem of the wool supply in Canada was intensified at the outbreak of war by increased demand for cloth for civilian goods. In

addition there was to be found the wool required for Government orders, which on a clean basis was estimated at 3,138,340 pounds for cloth, blankets, and knit goods during the balance of 1939 and 21,362,000 pounds for 1940.

At the beginning of the war it was necessary for Canada to place an embargo on exports of wool in order to conserve supplies; as increased quantities were shipped to the United States where there was a temporary scarcity of finer types.

In order to cope with this difficult problem of supplies, Canada set up a Wool Supply Committee and a Military Cloth and Blanket Committee. At the beginning of the war, and pending the setting up of adequate machinery to handle the situation the Canadian Department of Trade and Commerce acted as liason between the industry in Canada and the Wool Controller in England. Later the Wool Control Committee was named and authorized to deal directly with the Wool Controller in England. Emergency supplies of crossbred wool were obtained in this way, and permanent associations in the wool industry made a survey of stocks held by Canadian mills, dealers, and the cooperative.

A survey of woollen-cloth manufacturing facilities revealed 75 mills with 2,339 looms and 279 cards. It was apparent that the total yardage of military cloth and blankets required was in excess of the immediate capacity of mills to deliver if civilian orders were to be met. All mills, however, agreed to supply technical information to any mill requiring it. A deadlock occurred before mills began to operate on Government orders, since no price was fixed in the orders and holders of wool would not sell to the mills unless some price was arrived at. The mills could not use stocks of wool held to fill civilian contracts already placed unless they had some assurance of replacements.

In order to break the deadlock the principal mills were required to submit cost sheets in order to arrive at an average price - and it was decided that an allowance of 5 percent profit would be permitted on the selling price. After an agreement was arrived at, the mills proceeded by putting into work raw materials borrowed from civilian contracts. The basic price of wool for war contracts was 45 cents per pound on an estimated clean basis for 46's, 48's, and 50's quality of crossbred graded fleeces in the grease in warehouse, Weston, Ontario. The prices established were as follows:

- (1) Graded fleeces in the grease in storage warehouse,
24 to 27 cents per pound.
- (2) Graded fleeces on an estimated clean basis in storage
warehouse, 45 cents per pound.
- (3) Wool from graded fleeces in the mill, clean, scoured
(with freight and scouring charges added), 50 to 51
cents per pound.

The principal effort in 1939 was to obtain suitable raw materials, get samples passed to specifications, and to have the mills operating at maximum capacity. Deliveries of cloth up to the end of January, 1940, amounted to 47 percent of orders placed.

The agreement between the mills and the Department was that prices for War Order No. 2 were to be set by the Department auditors on the replacement value of wool and tops at the date of determining the price of the fabrics plus an average profit of 5 percent of the selling price. By then 58 mills were working on military orders. Additional mills were brought into operation, and by September 1940 a total of 70 were working on Government orders.

By the end of July 1940 the Military Cloth and Blanket Committee was able to establish a weekly report schedule to the Department of Munitions and Supply dealing with each type of cloth and blanket. Successive orders for military wool cloth and blankets through the first half of 1941 have taken up practically all excess capacity of the Canadian textile industry. War business has averaged 22 percent of the output during this period. Total wool cloth and blanket production, both civilian and military, during the first 6 months of 1941 expanded about 20 percent as compared with the same period of 1940. Present orders are sufficient to keep the industry fully occupied until June 1942.

Up to the middle of 1941 civilian needs of woolen cloth were being taken care of with some delay. Shipments from Great Britain, however, began to decline from about the first of the year, and Canada, being so largely dependent on British woollens, is facing an increasing shortage of woolen cloth for civilian needs.

CANADA: Production, trade, and consumption of wool,
grease basis, 1935-1941

| Calendar year | : Production, : shorn and : pulled | : Exports | : Imports | : Apparent : consumption |
|---------------|--|----------------|----------------|-----------------------------|
| | : 1,000 pounds | : 1,000 pounds | : 1,000 pounds | : 1,000 pounds |
| 1934 | : 17,578 | : 4,295 | : 41,800 | : 55,083 |
| 1935 | : 17,819 | : 8,755 | : 47,551 | : 56,615 |
| 1936 | : 17,431 | : 9,775 | : 59,128 | : 66,784 |
| 1937 | : 17,629 | : 5,093 | : 60,375 | : 72,911 |
| 1938 | : 17,695 | : 4,398 | : 45,101 | : 58,398 |
| 1939 | : 17,846 | : 4,879 | : 51,933 | : 64,900 |
| 1940 | : 18,127 | : 2,681 | : 86,170 | : 101,616 |
| 1941 | : a/ 18,000 | : - | : - | : - |

Compiled from official sources. a/ Preliminary.

GENERAL AND MISCELLANEOUS

FOREIGN EXCHANGE . . .

EXCHANGE RATES: Average value in New York of specified currencies,
October 18, 1941, with comparisons a/

| Country | Monetary unit | Year 1940 | Month | | | | Week ended | | |
|-------------------------|------------------|--------------|-----------|---------|-----------|-----------|------------|------------|------------|
| | | | 1939 | 1940 | 1941 | | 1941 | | |
| | | | Sept. | Sept. | Aug. | Sept. | Oct. 4 | Oct. 11 | Oct. 18 |
| | | Cents: | Cents: | Cents: | Cents: | Cents: | Cents: | Cents: | Cents |
| Argentina . . . | Paper Peso | 29.77: | <u>c/</u> | 29.77: | 29.77: | 29.77: | 29.77: | 29.77: | 29.77 |
| Australia <u>b/</u> | Pound | 305.16: | 318.38: | 321.47: | 321.28: | 321.33: | 321.34: | 321.40: | 321.37 |
| Canada <u>b/</u> . . . | Dollar | 85.14: | 91.25: | 85.47: | 88.96: | 89.13: | 88.77: | 88.58: | 88.72 |
| China | Shang.yuan: | 6.00: | 6.70: | 5.21: | <u>c/</u> | <u>c/</u> | <u>c/</u> | <u>c/</u> | <u>c/</u> |
| England <u>b/</u> . . . | Pound | 383.00: | 399.51: | 403.42: | 403.17: | 403.27: | 403.26: | 403.29: | 403.26 |
| Germany | Reichsmark: | 40.02: | 39.86: | 39.93: | <u>c/</u> | <u>c/</u> | <u>c/</u> | <u>c/</u> | <u>c/</u> |
| Italy | Lira | 5.04: | 5.14: | 5.04: | <u>c/</u> | <u>c/</u> | <u>c/</u> | <u>c/</u> | <u>c/</u> |
| Japan | Yen | 23.44: | 23.46: | 23.44: | <u>c/</u> | <u>c/</u> | <u>c/</u> | <u>c/</u> | <u>c/</u> |
| Mexico | Peso | 18.55: | 19.02: | 19.94: | 20.54: | 20.54: | 20.55: | 20.56: | 20.57 |
| Sweden | Krona | 23.80: | 23.76: | 23.81: | <u>c/</u> | <u>c/</u> | <u>c/</u> | <u>c/</u> | <u>c/</u> |
| Switzerland . . | Franc | 22.68: | 22.58: | 22.78: | <u>c/</u> | <u>c/</u> | <u>c/</u> | <u>c/</u> | <u>c/</u> |

Federal Reserve Board.

a/ Noon buying rates for cable transfers. Denmark, France, the Netherlands, and Norway omitted, as rates are not available. The last average monthly quotations in 1940 were as follows: Denmark, March, 19.31 cents; France, June, 2.01; the Netherlands, April, 53.08; and Norway, April, 22.71 cents.

b/ In addition to the free rate there is also a fixed official buying rate: Australia, 322.90 cents; Canada, 90.91; and England, 403.50 cents.

c/ Not available.

* * * * *

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